

Message Text

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SUBJ: COMPETITIVE EQUITY FOR US CONTRACTORS ON CONSTRUCTION
OUTSIDE THE US

REF: A. STATE 151754; B. USNATO 0137; C. USNATO 4812, 6SEP74;
D. USNATO 0805

SUMMARY: WE FEEL THAT PRESENT SYSTEM FOR NOTIFYING INTERESTED
US FIRMS OF CONTRACT OPPORTUNITIES IN NATO INFRASTRUCTURE PRO-
GRAM IS SATISFACTORY. IF IN WASHINGTON'S VIEW SYSTEM COULD
BE IMPROVED BY ADDITIONAL REFINED GUIDANCE TO US EMBASSIES,
WE WOULD HAVE NO OBJECTION. END SUMMARY.

1. WE ARE OF OPINION THAT PRESENT SYSTEM, AS CORRECTLY DESCRIBED
PARA 1 REF A, IS EFFICIENT, RELIABLE AND FULLY SATISFIES US RE-
QUIREMENTS. SINCE BIDDING PROCEDURES ARE INITIATED BY INDIVI-
DUAL HOST NATIONS AT TIME AND PLACE OF THEIR OWN CHOOSING, MOST
EFFICIENT POINT OF CONTACT IN OUR VIEW IS LOCAL US EMBASSY.
ITS DAILY CONTACT WITH HOST NATION AGENCIES AND REPRESENTATIVES
WOULD SEEM TO PROVIDE BEST CHANNEL FOR SOLICITING ADDITIONAL
INFORMATION, CLARIFYING ISSUES, AND PROVIDING REQUIRED US
RESPONSES.

2. WE DO NOT CONSIDER ALTERNATIVE SYSTEMS THAT COULD BE EN-
VISAGED, SUCH AS: A) HOST NATION NOTIFICATION TO COMMERCE BY
EMBASSIES IN WASHINGTON; B) HOST NATION NOTIFICATION DIRECT TO
PRE-DETERMINED LIST OF US FIRMS, OR C) HOST NATION NOTIFI-
CATION TO US MISSION NATO, AS IMPROVEMENTS TO PRESENT PROCE-
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DURES. OUR VIEW IS THAT (A) WOULD INDEED PROVE CUMBERSOME AND
DIFFICULT SINCE IT WOULD RELY ON HOST NATION DIPLOMATIC NET-
WORKS RATHER THAN US, AND WOULD PROBABLY MAKE COMMERCE RESPONSIBLE
FOR KEEPING INTERESTED US ELEMENTS SUCH AS USNATO, STATE AND

DEFENSE INFORMED. REGARDING (B), WE FEEL THIS WOULD BE HIGHLY UNDESIRABLE, REQUIRING CONSTANT MONITORING AND UPDATING OF LISTS AND OPENING WAY FOR REPEATED CLAIMS BY US FIRMS OF DISCRIMINATION IN COMPOSITION OF HOST NATION BIDDERS LISTS. FOR THESE REASONS WE SUPPORTED CONTINUATION OF PRESENT METHOD OF NOTIFICATION TO NATO EMBASSIES BY HOST NATIONS WHEN NEW BIDDING PROCEDURES WERE NEGOTIATED IN AC/4-D/2261 (REVISED).

3. RE (C) ABOVE, WE NORMALLY RECEIVE UNDER PRESENT SYSTEM INFORMATION COPIES OF HOST NATIONS' NOTICES TO EMBASSIES. IN EVENT WE HAVE NOT SEEN A NOTIFICATION BY LOCAL US EMBASSY TO COMMERCE, WE RELAY THE NOTICE FROM HERE TO INSURE THAT BID OPPORTUNITY IS KNOWN. REF B IS EXAMPLE OF THIS PROCEDURE. IN ADDITION, WHENEVER MAJOR NEW WORKS WHICH WE CONSIDER WILL BE OF INTEREST TO US FIRMS ARE AUTHORIZED BY NATO INFRASTRUCTURE PAYMENTS AND PROGRESS COMMITTEE, WE NOTIFY ALL CONCERNED OF EXPECTED FORTHCOMING BIDDING. REF C IS EXAMPLE OF SUCH ACTION. REF D ALSO CONTAINS FURTHER DISCUSSION OF THIS PROCEDURE.

4. WITH REGARD TO FRG SHELTER CONSTRUCTION PROGRAM REFERRED TO IN PARA 2 OF REF A, OUR INFORMATION IS THAT INDEED NO FIRMS BID FROM US, NOR DID ANY US OWNED OVERSEAS FIRMS BID OTHER THAN MARWAIS IN LUXEMBOURG. OUR UNDERSTANDING IS THAT NOTIFICATIONS OF THIS PROJECT TO POTENTIAL US BIDDERS WERE NOT PROVIDED BECAUSE OF DEPARTMENT OF COMMERCE AND AMERICAN EMBASSY BONN ASSESSMENT THAT PREVIOUS LACK OF INTEREST ON PART OF US FIRMS IN PURELY CIVIL ENGINEERING TYPE WORK WOULD BE CONTINUED. FUTURE REPEITIONS OF THIS SITUATION COULD BE AVOIDED BY NOTIFYING EMBASSIES THAT SUCH PROJECTS SHOULD BE REPORTED IF ESTIMATED COST IS ABOVE A SPECIFIED THRESHOLD, AND INSTRUCTING EMBASSIES TO SEEK CLARIFICATION IF ESTIMATED VALUE OF PROJECT IS NOT CLEAR. EXPERIENCE GAINED ON THIS PROJECT SEEMS TO CONFIRM, HOWEVER, THAT PRESENT GUIDANCE IS APPROPRIATE, AND THAT COMPLAINTS REGISTERED IN CONNECTION WITH FRG PROJECT WERE NOT BASED ON REALISTIC ASSESSMENT OF SITUATION. US CONTRACTOR INTEREST APPEARS TO BE CENTERED ON MAJOR ELECTRONICS AND COMMUNICATIONS RELATED PROJECTS, AND WE CONTINUE TO ENJOY CLOSE AND FREQUENT UNCLASSIFIED

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COORDINATION WITH US FIRMS INTERESTED IN THESE WORKS.

5. IN SUMMARY, WE ARE SATISFIED THAT PRESENT ARRANGEMENTS WORK WELL, AND THAT SYSTEM AS PRESENTLY CONSTITUTED SHOULD BE CONTINUED. IF, IN WASHINGTON'S VIEW, SYSTEM COULD BE MADE MORE FAIL-SAFE BY REFINEMENTS TO GUIDANCE GIVEN TO US EMBASSIES, ALONG LINES INDICATED PARA 4 ABOVE, WE WOULD HAVE NO OBJECTION. STREATOR

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